

History of T & T Data
Comments on the Tourism and Travel
Report and Projections

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NASA Aeronautics Study
Task #222**

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1. The Travel and Tourism Report:

The Travel and Tourism Report (T & T Report) was issued in October of 1993. The report contained a variety of economic estimates for 1994 along with a number of long term forecasts. The 1994 data were in effect forecasts for 1994 based primarily on 1992 data.

The report emphasized **GLOBAL** data for a variety of economic measures. Much of the global data was based on extrapolation of partial economic series and estimates as to the appropriate share that could be attributed to T & T. The data categories contained many differences in terms of their definitions and the method of collection and estimation. Many countries did not collect such data. The bottom line is that the data was not precise, even for 1994. These statistical flaws were incorporated into the projections for the future, the out year being 2005.

The report was produced to support a basic change in international Civil Aviation organization, operation and national policies. Because Civil Aviation policy was the primary concern, the data was generated to show the critical role of aviation in this large and rapidly growing industry. The tourism and travel industry believed they were being adversely impacted by these policies and sought to bring about a change to a more favorable set of policies. Thus the report emphasized those measures that were likely to capture the attention of government leaders, namely, employment, gross domestic product, investment and taxes, and the importance of the civil aviation industry was juxtaposed to these economic measures.

2. Follow-on Efforts to Measure Travel and Tourism:

Subsequent to the World Travel and Tourism report the Organization of Economic Cooperation and Development, undertook a major economic analysis to organize and structure data for this important industry. (The OECD includes 29 developed countries in Europe and North America but including Japan, Australia, Korea, Turkey and New Zealand). In the United States the Bureau of Economic Analysis (part of the DOC) created a special Satellite Account entitled, "U. S. Travel and Tourism Satellite Accounts for 1992". This account provided bridges between the National Income and Product Accounts (NIPA) and the Travel and Tourism Industry. Previously there was no methodology to calculate the economic measures for T&T in a form that could be linked to the primary economic reporting systems.

The Travel and Tourism Satellite Accounts (TTSA) was built upon a methodology that provided terminology and definitions for this new "industry". Through a series of surveys and samples, the portion of income from various industry groups that were attributable to travelers and tourists was identified. For example, for the "Eating and Drinking Establishments" group it was estimated that 18% of the output was attributable to travelers and tourists. Similarly factors were developed for all the traditional industry groupings that provided goods or services for travelers or tourists.

Based on this work the BEA was able to provide a logical and consistent estimate of the contribution of tourists and travelers to the economy of the United States for 1992.

Similar efforts were also being undertaken by the other OECD countries, thus it is possible to arrive at a reasonable estimate of T & T for the 26 OECD nations.

Currently the Bureau of Economic Analysis is updating this special account with 1998 data. If all goes according to plan, the report will be released in late 1999. Other OECD countries are also updating their T & T reports and should be available in the same time frame. Therefore early next year data should be available for the OECD for 1998. Nevertheless, many countries are not included that are of some significance to travelers and tourists. Examples of places not included are China, Southeast Asia, the Asian Subcontinent, and all of South America, Africa, and the Middle East.

3. Relating the Above to the Updated Estimates:

The data provided to update the T&T Report are for the most part extensions of the initial measures with fragments of more recent data employed to estimate current and projected values for the T & T series. These are not precise. They cannot be traced back to specific data series. They can best be classified as extrapolations of series of data that are estimates at best. These extrapolations rely heavily on the trends and ratios that were developed in the original T & T Report.

As mentioned above, in early 2000 there should be data available for the OECD countries that can serve as a touchstone for the year 1998. These can shed some light on global projections of T & T output, but these will still be missing a sizeable part of the global activities. That data will rely heavily on the relationships and factors established in the original T & T Satellite Account prepared in 1998 using data for 1992.

Spurred by this effort the United Nations assigned the task of organizing and gathering World data for T & T to the UN Economic and Social Council and also established the UN World Travel Organization to provide assistance.

4. Data projections for T & T:

The charts accompanying this report provide T&T forecast and estimates for a number of important economic measures. This includes—

- 1) The estimate of Global Output for travel and tourism based on the ratio of OECD expenditures for T & T to total and supplemented by data from other countries;
- 2) The number of jobs that are associated with travel and tourism (direct and indirect/using a multiplier of 1.125);
- 3) Tax revenues that are related to travel and tourism activities;
- 4) Investment extrapolations based on factors for past estimates of investment in the Travel and Tourism equipment and facilities.

Additional work continues to improve the accuracy of the data and to increase its usefulness to governments and to the industry. This data is useful to help in planning to meet a variety of needs generated by growth in the Travel and Tourism Industry, such as private and public capital investment, increased employment, and tax revenues and expenditures.

5. Primary References for Travel and Tourism Analysis:

- 1) U. S. Transportation Satellite Account for 1992, Survey of Current Business, April 1998, pp. 16-27, B. Fang, et al
- 2) U. S. Travel and Tourism Satellite Account for 1992, Survey of Current Business, July 1998, pp. 8-22, x. Okubo and M. Planting.
- 3) Economic and Social Council, United Nations, November 16, 1998, Report No. E/CN/1999/27.
- 4) The Way Forward: Multilateral Air Transport Liberalization, Special Report from the World Travel and Tourism Council, October 1993.
- 5) Travel and Tourism's Enormous Economic Contributions, "A Cold Review of the WTTC/WEFA Group Research", Dr. Michael Boskin, October 1995, report from the WTTC.
- 6) WTTC/WEFA Travel and Tourism Simulated Satellite Accounting Research: Methodology and Documentation Report, October 1998.
- 7) Travel and Tourism Economic Impact, March 1999, WTTC.